

**MINUTES OF THE
COMMERCE AND WORKFORCE SERVICES
APPROPRIATIONS SUBCOMMITTEE**
Room S210, Senate Building, State Capitol Complex
February 1, 2010

MEMBERS PRESENT: Sen. David Hinkins, Co-Chairman
Rep. Michael Morley, Co-Chairman
Sen. Karen Mayne
Rep. Jim Bird
Rep. Susan Duckworth
Rep. Jim Dunnigan
Rep. Lynn Hemingway
Rep. Brian King

MEMBERS ABSENT: Rep. Ryan Wilcox

STAFF PRESENT: Danny Schoenfeld, Fiscal Analyst
Karen Mitchell, Committee Secretary

Note: A list of handouts and visitors list will be filed with committee minutes

Co-Chair Rep. Morley called the meeting to order at 2:12 p.m.

MOTION: Sen. Hinkins moved to approve the minutes of January 27, 2010. The motion passed unanimously.

Department of Insurance

Danny Schoenfeld, Fiscal Analyst, stated that the Department of Insurance budget history had remained stable over the past several years but had been reduced due to the 2% across the board reduction. Performance Measures for the Department showed the number of License Producers in the state, the percentage of investigations resolved in 75 days or less, and the percentage of consumer complaints resolved in 60 days or less.

Agency budget request and reductions for FY2010 are: 1) Hire two captive insurance examiners with \$182,900 ongoing dedicated credits and \$91,500 supplemental dedicated credits, 2) Support the Utah Health Exchange by funding IT-related expenses, 3) Hire one additional Analyst with \$59,400 one-time General Fund and \$134,900 supplemental dedicated credits, 4) Hire one additional insurance fraud investigator with \$84,600 of dedicated credits.

Further requests were: State Fleet Services purchase one fleet vehicle for the Insurance Fraud Division.

The reduction to the Department would be to reduce FTEs by 4 for a savings of \$256,200.

The Analyst further stated that there were no over-all fee increases from the Department, just one minor decrease in the Title Assessment Fee.

Neal Gooch, Acting Insurance Commissioner, assisted by Doyle Chirstensen, Director of Agency Services, responded to the Department budget assessment. Mr. Christensen provided the committee with a handout containing the Budget Overview FY 2011 and FY 2010. Items contained in the handout were presented to the committee in a power point presentation and discussed in detail.

Mr. Gooch responded to questions from the committee.

Hip Utah

The Analyst stated that Hip Utah was created in 1991, previously known as CHIP. The Hip Budget receives an \$8.5 million appropriation from the General Fund. The other amounts made up of Dedicated Credit Revenue that is collected from participants in the insurance pool. There is also a small portion of the Hip Utah budget that is federal funds which assist some individuals with their premium payments.

He further explained that by reducing the HIP reserve balance by \$425,000 it would reduce reserve level to 6.78 months.

The Analyst recommends that the Legislature consider: 1) Adopt the base budget amount of \$43,275,300 for the HIP Utah budget as previously explained. 2) Consider the budget issues raised in the Issue Brief as explained. The subcommittee may wish to include these items in its prioritized recommendations to the executive committee.

Tomi Osanna, Executive Director of HIP Utah provided a handout to the committee and presented the information in a power point presentation and discussion. Ms. Osanna summarized her presentation with the following: HIP Utah is the insurance of last resort and covers the sickest of the sick. It provides HIPAA portability and protects the individual insurance market in the State of Utah. Due to this important role HIP Utah plays, enrollment and claim costs continue to increase. Because of this trend, the HIP Utah Board request that the Legislature consider at least maintaining HIP Utah's \$8.5 million base budget for FY 2011.

Ms. Osanna stated that her Department encourages the Legislature to support providing adequate funding for HIP Utah to maintain actuarially-based reserves making it possible for the program to continue providing health insurance coverage to the at-risk population in the state.

Ms. Osanna answered questions from the committee.

Department of Commerce

The Analyst explained that the Department of Commerce is the licensing and registration agency for Utah's professional and corporate community. Business registrations, professional licensing, consumer protection and education, oversight of public utilities and monitoring real estate and securities industries are all department responsibilities.

He further stated that their budget had remained somewhat steady with a slight increase in FY2010. They have had an overall reduction of 11 FTE from the 2009 General Session. Performance measures in DOPL Online License Renewal, Consumer Protection Monthly Average Cases Closed and DOPL Total Enforcement.

The analyst recommends that the committee consider an increase of \$400,000 for electronic payment fees with \$400,000 of restricted funds. Without these funds the Department of Commerce cannot continue to adequately fund online payments for licensure renewals and other online filings.

Intent Language: The Legislature intends that, at the end of the fiscal year, unused funds for the Committee of Consumer Services lapse to the Committee's Professional and technical Services Fund.

It is the intent of the Legislature that the Professional and Technical funds for the Committee of Consumer Services be nonlapsing.

The Legislature intends that, at the end of the fiscal year, unused funds for the Division of Public Utilities lapse to the Professional and Technical Services Fund.

It is the intent of the Legislature that the Professional and technical funds for the Division of Public Utilities be nonlapsing.

As part of the FY 2011 budget discussion the Department was asked to put together a list of potential 5% reductions, they are: 1) Department of Securities-Education Fund \$200,000 2) Construction Trades Administrator - 1 FTE Reduction- \$104,000 3) Division of Consumer Protection-Pawn Broker Operations - \$68,800 4) Factory Built Housing-Reduce Continuing Education Funding-\$26,500 5) Position attrition and retirement Savings - \$200,200 6) Property Rights Ombudsman Attorney-\$96,000 7) Two Department Secretaries-\$102,000

The Analyst discussed the Department of Commerce Fee Schedule and stated that the Legislature must approve all regulatory fees annually.

Commerce & Workforce Services Appropriation Subcommittee
February 1, 2010
Page 4

Franciene Giani, Executive Director, assisted by Peter Anjewierden, Budget Officer briefly responded to the Analyst's presentation.

Ms. Giani and Mr. Anjewierden responded to questions from the committee regarding Federal Funding for the Division of Public Utilities Pipeline Safety.

Rep. Morley asked Ms Giani to prioritize the possible cuts in her Department in the event funds are restored to them.

MOTION: Rep. Hemingway moved to adjourn. The motion passed unanimously.

Rep. Morley adjourned the meeting at 3:23 p.m.

Sen. David Hinkins, Co-Chair

Rep. Michael Morley, Co-Chair